



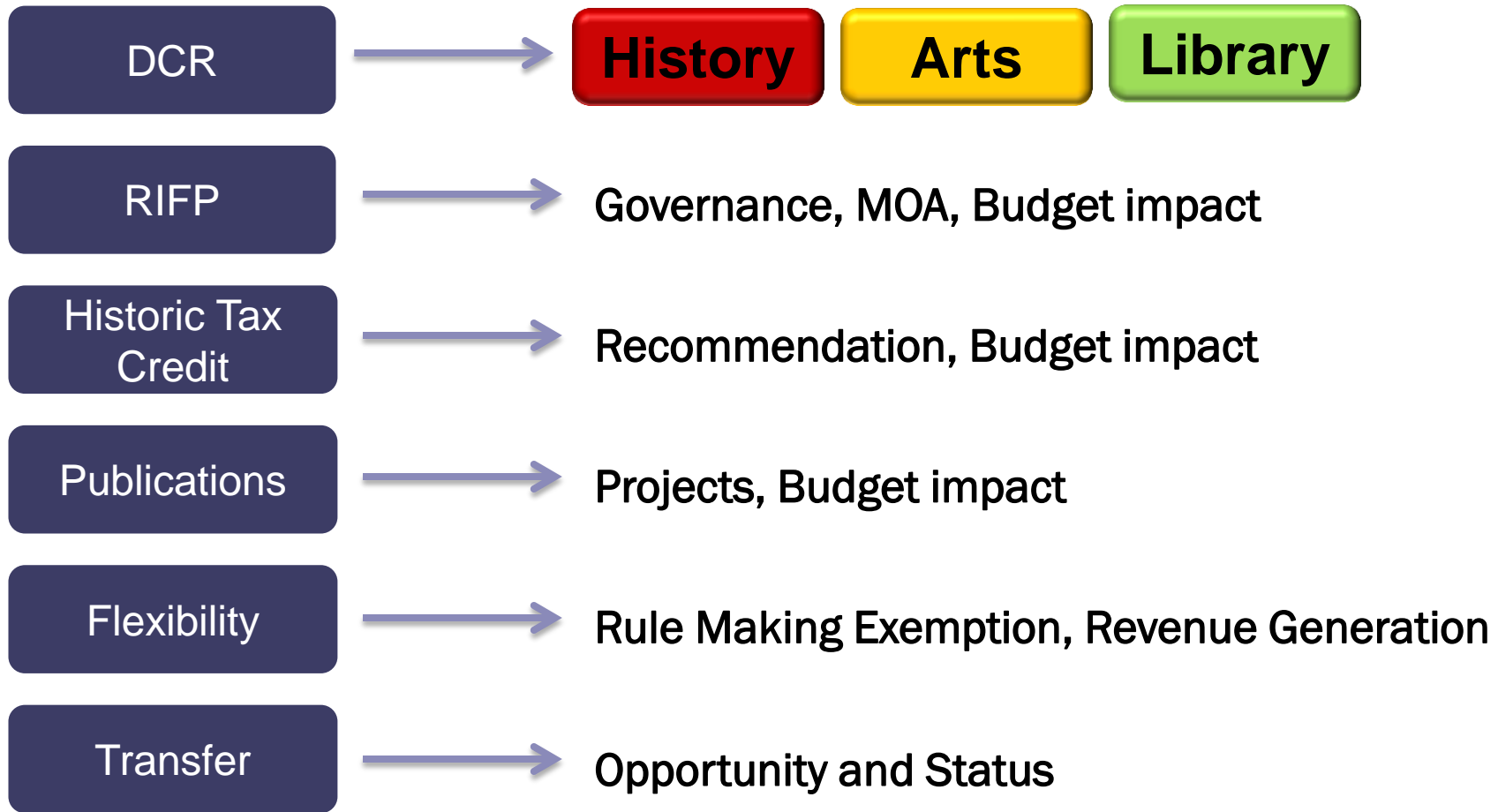
General Government Committee

Department of Cultural Resources (DCR)

**Secretary Susan Kluttz
Karin Cochran – Chief Deputy Secretary**

March 19, 2015

Executive Summary



Started in 1971– The Department of Cultural Resource's (DCR) Created by GS 143B-Article 2

DCR

Vision

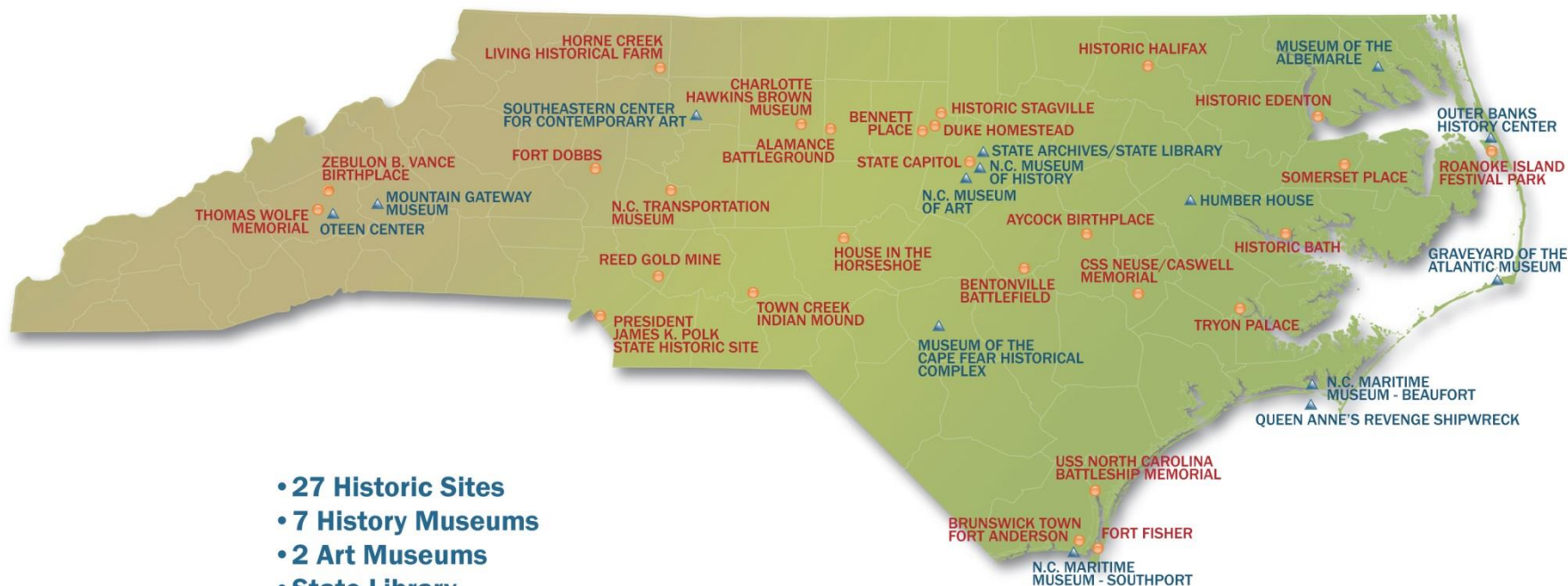
- To be the **leader** in using the state's cultural resources to build the **social, cultural, educational** and **economic** future of North Carolina.

Mission

- To improve quality of life in our state by creating opportunities that **promote economic development, stimulate learning, preserve the state's history** and **spark creativity** to experience excellence in the arts, history and libraries in North Carolina.



Cultural Resources Historic Sites, Museums and Archives



- 27 Historic Sites
- 7 History Museums
- 2 Art Museums
- State Library
- State Archives

- Historic Sites
- ▲ Museums and Archives



NORTH CAROLINA
DEPARTMENT OF
**CULTURAL
RESOURCES**

DCR serves 100 counties in history, arts and libraries



Arts

History

- State Archives
- Historic Sites
- Office of Historic Preservation
- NC Museums Division
- Office of State Archaeology
- RIFP, Tryon, Battleship, NCTM

- NC Arts Council
- NC Museum of Art
- NC Symphony

Library

- Government & Heritage Library
- Library for the Blind and Handicapped
- Library Development

Roanoke Island Festival Park (RIFP) is located in Dare County and highlights the first English settlement in North Carolina

RIFP

- 27 Acres and 6 structures
- 23 FT employees and 45 volunteers
- 90K visitation

Statutory Authority

In accordance with G.S. 143B-131.2 Roanoke Island Commission (RIC) is created to combine various existing entities in the spirit of cooperation for a cohesive body to protect, preserve, develop, and interpret the historical and cultural assets of Roanoke Island. The Commission is further created to operate and administer the Elizabeth II state Historic Site and Visitor Center



Roanoke Island Commission moved under DCR last session in line with the other sites that receive state appropriations for operations

RIFP



Governing Body	USS NC Battleship Commission	DCR	DCR	DCR
Partnership	DCR	Roanoke Island Commission	Tryon Palace Commission	NCTM Foundation
Support Group	Friends of the Battleship	Friends of the Elizabeth II	Tryon Palace Foundation	



In line with State Auditor's recommendation in March 2013 report, DCR signed an MOA with Friends of Elizabeth II to solidify rapport

RIFP



The Friends of Elizabeth II Memorandum Of Agreement (MOA) addressed the following commitment:

- Acknowledged the \$5.47 M state money that remains in Elizabeth II funds as of Dec. 2012
- Confirmed compliance with state law regarding reporting requirements on possession of state funds
- Committed to honor statute to support RIFP at \$325,000 a year or greater than the sum of the last three consecutive years of investment income
- Agreed to share all financial information on an annual basis as well as communicate with RIFP in programming, changes etc.
- Transferred Gift Store from support group back to the state effective March 1, 2015
- Committed to continue to serve as the non profit and as a fundraiser

State Historic Preservation Office supports both state and federal responsibilities

Historic Tax
Credit

- Identify
 - Review properties through GIS
- Enhance
 - National Registry
 - Secretary of Interior Standards
 - Federal Tax Credit
 - Historic Tax Credit
 - Preservation Extension Service
 - Certified Local Governments
- Protect
 - Project Planning and Historic Resources

The result of collaborative study is a new historic tax credit proposed bill – House Bill 152 / Senate Bill 287

Historic Tax Credit

- Encourages jobs and economic development in cities and towns, both rural and urban, across the state
- Reduces budget costs and unpredictable spikes to state
- Used in 90 of 100 counties resulting in more than \$1.6 billion of private investment into North Carolina communities
- Provides opportunity for economic recovery (brings in local construction jobs and purchases initially and business and employees once complete)
- Applies only to property on National Register, requires no upfront state monies and must be completed and signed off on tax form before claim of credits can be taken
- Provides social and economic benefits to North Carolina through community development efforts
 - Encourages cultural and heritage tourism
 - Enhances quality of life with reuse of iconic neighborhoods
 - Builds safe communities by reversing crime and blight
 - Improves aesthetics in communities focusing on “jewels”

Receipt supported positions drive both federal and state requirements to administer historic tax credits but are at risk

Historic Tax Credit

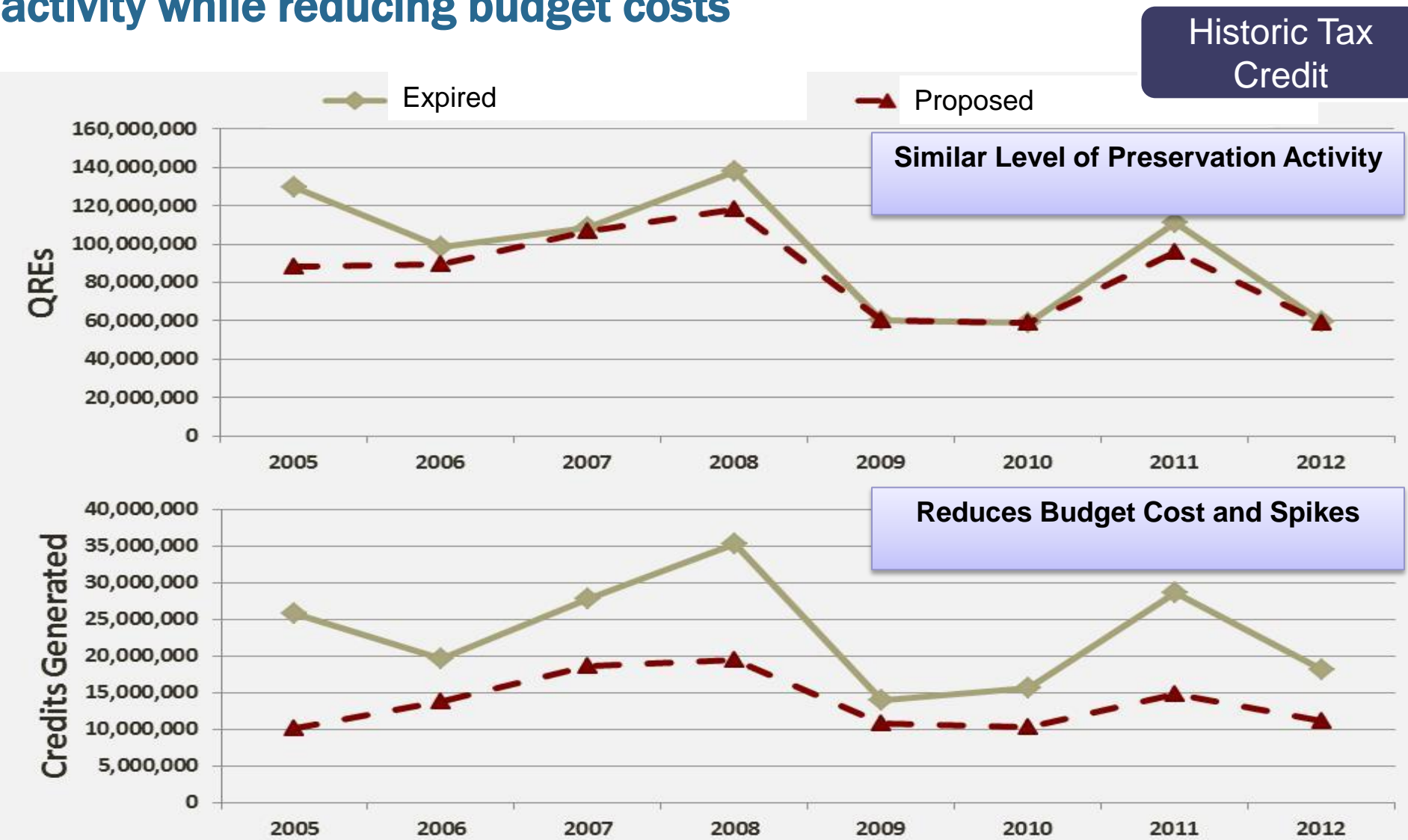
- Staff previously supported by state appropriations moved to receipt positions when additional revenue stream from fees became available due to extreme budget cuts in past years (significant reduction since 2009)
- Elimination of North Carolina's Historic Tax Credit (HTC) does not eliminate the need for four key positions who administer both FEDERAL and STATE HTC
- Examples of these positions include:
 - Preservation **Architect** – based on federal law to have this expertise; serves all 100 counties
 - Preservation **Specialist** – state and federally mandated constituent outreach in historic preservation

The proposed Historic Preservation Tax Credit offers a lower credit and includes a cap per project

Historic Tax Credit

	<u>EXPIRED</u>	<u>PROPOSED</u>
<u>Rates</u>	<p>20% Commercial</p> <p>30-40% Mill - dependent on county economic tier.</p> <p>30% Residential</p>	<p><u>INCOME-PRODUCING: COMBINES COMMERCIAL & MILL</u></p> <ul style="list-style-type: none"> • Reduces base credit rate to 15% • +5% for mills (\$3M spending requirement has been eliminated) • +5% for economically distressed counties <p><u>RESIDENTIAL</u></p> <ul style="list-style-type: none"> • Reduces to 15% credit • Applies a cap per project QRE @ flat project ceiling (\$150K) • \$10,000 minimum over 24 months
<u>Caps/Steps</u>	No Cap	<p><u>INCOME-PRODUCING: COMBINES COMMERCIAL & MILL</u></p> <p>\$0 to \$10M base rate</p> <p>\$10M to \$20M base rate reduced by 5%</p> <p>Hard cap at \$20M</p> <p><u>RESIDENTIAL</u></p> <p>\$150,000 cap residential</p>
<u>Installments</u>	5 -10 yr. spread for income and non-income; no required carry forward for Mill.	All credits claimable once building is placed into service with a 10-year carry forward
<u>Taxes Claimable Against</u>	Income taxes for income and non-income; income, premium, franchise for Mill.	Combined credits claimable against income taxes, gross premium taxes and corporate franchise taxes.

Proposal could maintain the same level of historic rehabilitation activity while reducing budget costs



Note: These graphs were generated using NC SHPO's historical project level database of certified expenditures. Project expenditures were assumed to remain constant up to the hard cap of \$20 M. The attribution point estimate of 61% was used to estimate the decline in QREs for projects above the \$20 M cap.



Publications focuses on promoting NC History by producing demand driven material

Publications

Mission - foster, promote, and encourage study and appreciation of state history through research and writing. Publications function extends back to 1907 when the first historical title appeared.

History - published 200 titles that reflect the rich variety of North Carolina history for lay readers, consistently producing well researched books that are both accurate and accessible to the average person.

Publication Strategies

- Meet demand for eBook material
- Create Civil War material – rosters, atlas, books
- Generate new educational material for Young Adult Non Fiction demand
- Serve as subject matter experts for DCR exhibits

Publications saw 40% reduction in staff (3/8) in 2014 but continue to focus on demand driven production of documenting NC History

Publications

Publication Statutes

1. NC History – meeting statute
2. Governor's Papers – posting on website to accomplish through the State Archives to fulfill statute
3. Colonial Records – digitizing all records to give greater access but with less explanation and interpretation (no longer print)

Publication Option

Option to either add additional two positions or change statutory requirement to reflect what DCR's publications is able to accomplish in Colonial Records. DCR is meeting letter of intent of statute in Colonial Records by making Colonial Records available

DCR appreciates the exemption from Rule Making and having Special Revenue Funds to encourage revenue generation

Flexibility

Revenue Generating

- Admissions
 - Discounts for Military, youth, AAA, College
 - Pricing for extended stay
 - Market based pricing
- Behind the Scene Tours
- Specialized Programming
- Summer Camps
- Rentals
- Wedding

Customer Service

- Operating Hours



Transferring Aquariums, State Parks, Natural Science Museum and the Zoo from DENR to DCR creates an attractive opportunity for NC

Transfer

Opportunity

1. **Enhance Customer Service** at NC state sites, museums, zoo, aquariums and state parks with clearer focus on visitor experience while increasing private support
2. **Expand Efficiencies** by including a broader team for a quicker adoption of best operational practices (e.g. facility maintenance, contracting, programming, gift shops, admission fees, shared resources etc.)
3. **Promote all sites and museums for Tourism and Economic Development** through more intentional marketing supported by coordination of marketing efforts across all entities for tourism and economic development
4. **Encourage comprehensive support of Education** including formal and a more interrelated array of informal, lifelong learning opportunities (e.g. cross-discipline fieldtrips, programs and tours that treat *both* natural and cultural topics, etc.) while emphasizing conservation of natural resources and preservation of cultural resources

The transfer of these four Divisions from DENR to DCR will require adequate admin support / funding

Transfer

Divisions – Aquariums, Zoo, State Park, Natural Science Museums

- \$73M
- 1032 FTE
- 1000 Part Time
- 50% of Staffing
- 45% of State Appropriations
- Majority of Property

Administrative – 18 positions identified thus far (DENR has roughly 139)

- Strategy – leadership and support - 2
- Budget / Finance – AP, Purchasing, Payroll, A/R - 7
- HR - 6
- Marketing - 0
- Audit - 1
- Legal - 0
- IT - TBD
- Legislative - 1
- Capital / Property – 1